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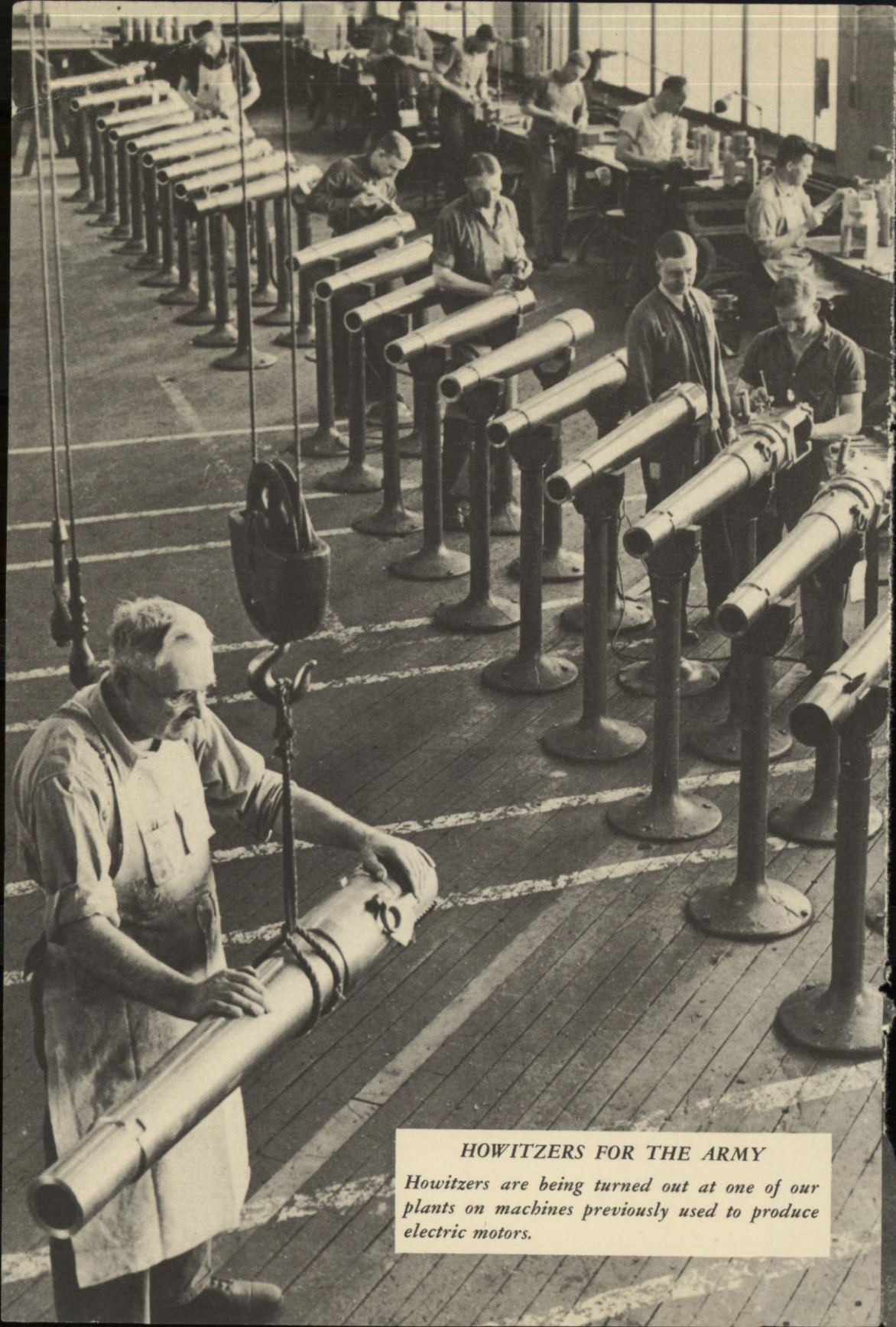
**FIFTIETH
ANNUAL REPORT
GENERAL ELECTRIC COMPANY
1941**

GENERAL  ELECTRIC

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HOWITZERS FOR THE ARMY

Howitzers are being turned out at one of our plants on machines previously used to produce electric motors.

FIFTIETH ANNUAL REPORT GENERAL ELECTRIC COMPANY 1941

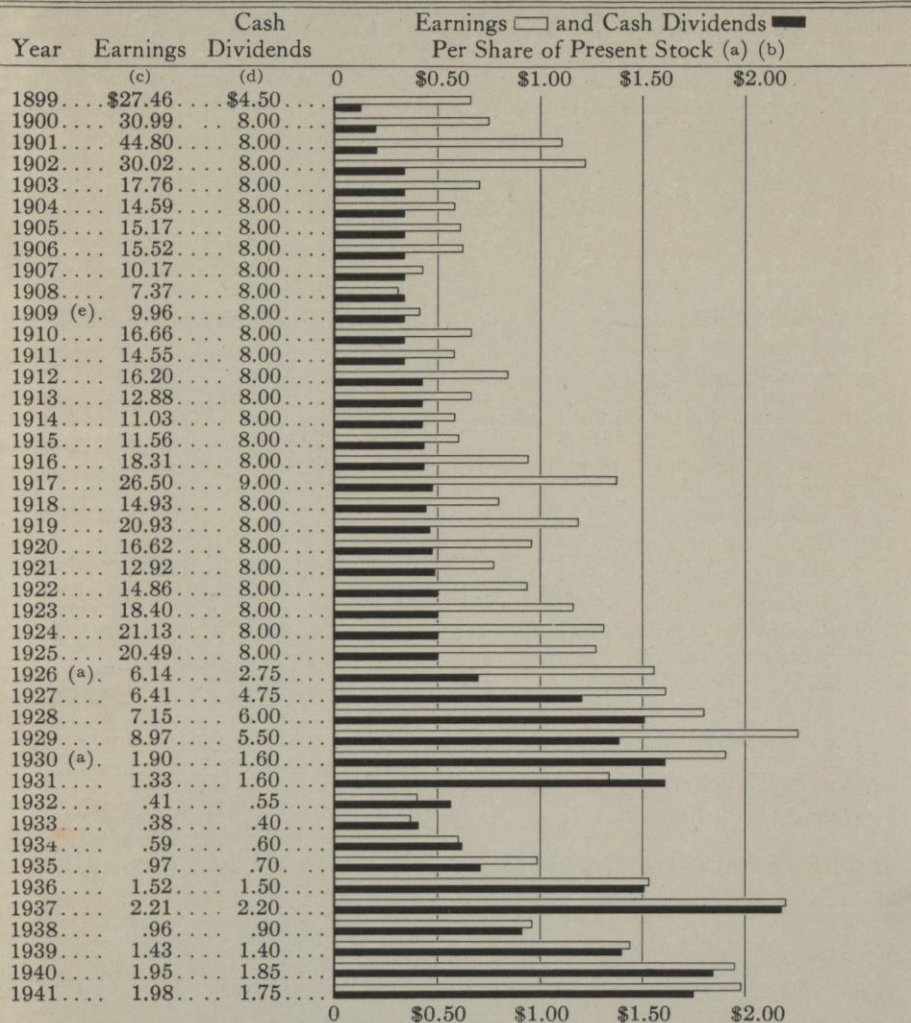
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DECEMBER 31, 1941

GENERAL ELECTRIC COMPANY

FORTY-THREE YEAR RECORD OF EARNINGS AND DIVIDENDS PER SHARE OF COMMON STOCK



(a) Number of shares increased four for one in May 1926 and again in January 1930. (b) Adjusted for common stock dividends. (c) Per average number of shares outstanding. (d) Declared. (e) Eleven months.

The following dividends have been distributed in stock: 1902—66⅔% in common stock, to restore a 40% reduction made in 1898; 1912—30% in common stock; 1917—2% in common stock; 1918-1921 inclusive—4% annually in common stock; 1922-1925 inclusive—5% annually in special* stock; 1924—one share of Electric Bond and Share Securities Corporation stock; 1926—one dollar in special* stock; 1932—⅓ share of Radio Corporation of America common stock.

*Special stock, par value \$10 a share, paying 6% annual dividend. Retired in 1935 at \$11 a share and accrued dividend.

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STATEMENT OF ORDERS RECEIVED, INCOME AND EARNED SURPLUS

	1941	1940
Orders received.....	\$1,132,837,258	\$654,189,642
Net sales billed.....	\$ 679,333,760	\$411,938,259
Costs, expenses, and other charges, except those shown separately below.....	497,254,031	312,355,443
	182,079,729	99,582,816
Depreciation of plant and equipment.....	20,954,538	14,805,495
Income from sales, before federal taxes on income	161,125,191	84,777,321
Income from other sources:		
Interest and dividends from affiliated com- panies and miscellaneous investments.....	13,024,505	11,923,561
Income from marketable securities.....	1,063,202	582,399
Interest on bank balances and receivables....	225,898	222,829
Royalties and sundry revenue—net.....	1,758,703	734,973
	16,072,308	13,463,762
Profit before provision for federal taxes on income	177,197,499	98,241,083
Provision for federal income and excess profits taxes*.....	120,000,000	42,000,000
Profit available for dividends.....	57,197,499	56,241,083
Earned surplus at beginning of year.....	128,351,352	124,310,036
	185,548,851	180,551,119
Revaluation of investments for undistributed earnings of affiliates—net.....	1,358,153	1,094,679
	186,907,004	181,645,798
Dividends on common stock.....	50,427,125	53,294,446
Earned surplus at end of year.....	\$ 136,479,879	\$128,351,352
*Provision for all taxes for the year was.....	\$ 144,978,000	\$ 54,943,000

GENERAL ELECTRIC COMPANY

BALANCE SHEET

December 31, 1941 and 1940

ASSETS

	1941	1940
Current assets:		
Cash	\$ 44,161,584	\$ 42,951,318
Marketable securities (market value \$84,600,624)	84,561,460	66,580,197
Total cash and marketable securities	128,723,044	109,531,515
Accounts and notes receivable, less reserves:		
Customers	59,948,991	34,904,448
Affiliated companies	10,249,547	8,195,540
Other	6,273,341	1,388,714
Installation work in progress	22,303,474	13,252,216
Inventories, at the lower of cost or market, less reserves	175,626,375	98,381,585
	403,124,772	265,654,018
Less: Advance collections on contracts	50,926,957	23,220,982
Total current assets	352,197,815	242,433,036
Other assets:		
Marketable securities deposited as guarantees	1,558,000	1,551,000
Accounts and notes receivable not current, less reserves	3,311,551	1,660,894
Loans to employees	50,464	59,922
Advances to employees for traveling expenses	205,627	175,367
Prepaid expenses	193,073	167,969
Total other assets	5,318,715	3,615,152
Assets of employee plans, per contra	4,741,270	†
Deferred charges to income for pensions	4,000,000	5,000,000
Investments:		
Affiliated companies:		
International General Electric Company, Inc.	26,896,588	25,757,273
Investment companies	53,845,908	76,671,803
Manufacturing, selling, real estate, and other companies	43,635,149	52,020,872
Miscellaneous	3,605,461	3,953,701
General Electric Company common stock—73,677.04 shares (market value \$1,952,000) ..	1,642,345	653,732
	129,625,451	159,057,381
Less: Reserve for investments	487,472	16,044,236
Total investments	129,137,979	143,013,145
Fixed assets:		
Plant and equipment, at cost	247,201,770	212,651,425
Less: Depreciation reserves	185,519,138	171,150,018
	61,682,632	41,501,407
Patents and franchises	1	1
Total fixed assets*	61,682,633	41,501,408
	\$557,078,412	\$435,562,741

†No balance sheet segregation in 1940.

*Unexpended appropriations for Company financed plant facilities amounted to

\$30,400,000

\$30,500,000

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BALANCE SHEET December 31, 1941 and 1940

LIABILITIES AND CAPITAL

	1941	1940
Current liabilities:		
Accounts payable	\$ 18,122,712	\$ 14,490,314
Taxes, payrolls, and current accruals	151,683,230	62,821,265
Due to affiliated companies	783,921	988,678
Dividends unpaid	10,069,634	
Total current liabilities	180,659,497	78,300,257
 Accounts payable and accruals—not current	 7,626,575	 7,438,426
 Collections under employee plans, per contra	 4,741,270	 4,524,641
 Charles A. Coffin Foundation	 400,000	 400,000
 Miscellaneous reserves	 31,753,764	 18,843,515
 General reserve	 15,130,381	 17,417,504
 Special stock—6% cumulative; par value \$10 (authorized and unissued 1,207,036 shares) ...		
 Common stock and earned surplus:		
Common stock (authorized 29,600,000 shares no par value; issued 28,845,927.36 shares)	180,287,046	180,287,046
Earned surplus	136,479,879	128,351,352
Total common stock and earned surplus	316,766,925	308,638,398
	\$557,078,412	\$435,562,741

Contingent liabilities are covered by the General Reserve.

PEAT, MARWICK, MITCHELL & CO.

Certified Public Accountants

ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS OF THE

GENERAL ELECTRIC COMPANY, NEW YORK, N. Y.

We have examined the Balance Sheet of the General Electric Company as at December 31, 1941, and the Statement of Income and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We have confirmed the cash and securities by count and inspection or by certificates which we have obtained from the depositaries. We have also examined the accounts of the International General Electric Company, Incorporated, G.E. Employees Securities Corporation, Electrical Securities Corporation, General Electric Realty Corporation, General Electric Contracts Corporation, and Canadian General Electric Company, Limited, on which we have reported separately. No examination has been made by us of other companies which are controlled through stock ownership, but Balance Sheets of these companies have been submitted to us. The accounts of these companies, with certain minor exceptions, are examined periodically by the internal audit staff of the Company under the direction of the Comptroller. We reviewed their reports thereon and generally satisfied ourselves that the established accounting procedures of the Company were being followed. The amounts at which the investments in and advances to affiliated companies are carried are based on the accounts thus examined, and, including Miscellaneous Investments, in our opinion, are conservatively stated.

We have scrutinized the accounts and notes receivable, and believe that full provision has been made for possible losses through doubtful debts. Requests for confirmation of notes and accounts receivable were mailed to a number of debtors, selected by us, and notifications of exceptions were explained to our satisfaction.

Inventories of merchandise, work in progress, and materials and supplies taken and valued by employees of the Company under the direction of the management and certified by officials of the Company as to description, quantities, condition and valuation have been submitted to us. We reviewed the plan and system of control adopted for inventory purposes and observed the physical taking of such portion thereof as we deemed necessary to satisfy ourselves that the methods of taking and recording the quantities were carried out effectively. Ample allowance has been made for inactive and obsolete stocks, and the inventories are stated conservatively at an amount not in excess of cost or market, whichever is lower. Provision has also been made for probable allowances or additional expenditures on completed contracts.

Expenditures capitalized in the plant and equipment accounts during the year were properly so chargeable as representing additions or improvements, and adequate provision has been made in the operating accounts for depreciation.

All ascertained liabilities have been included in the accounts.

In our opinion, based upon such examination and review, the accompanying Balance Sheet and related Statement of Income and Earned Surplus present fairly the position of the General Electric Company at December 31, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.

February 25, 1942.

GENERAL ELECTRIC COMPANY

BOARD OF DIRECTORS

CHARLES F. ADAMS	CLARK H. MINOR	BERNARD E. SUNNY
S. SLOAN COLT	GEORGE F. MORRISON	GERARD SWOPE
CHARLES D. DICKEY	PHILIP D. REED	BURTON G. TREMAINE
LEON FRASER	CLARANCE STANLEY	LEWIS B. WILLIAMS
G. PEABODY GARDNER	ROBERT C. STANLEY	CHARLES E. WILSON
FRANCIS L. HIGGINSON		JOHN P. WILSON
JESSE R. LOVEJOY		OWEN D. YOUNG

OFFICERS

PHILIP D. REED	<i>Chairman of the Board</i>
CHARLES E. WILSON	<i>President</i>

Vice Presidents

HARDAGE L. ANDREWS	HARRY L. ERLICHER	DARIUS E. PECK
WALTER R. G. BAKER	JOSEPH E. KEWLEY	DAVID C. PRINCE
NATHAN R. BIRGE	CHESTER H. LANG	EARL O. SHREVE
WILLIAM R. BURROWS	ROY C. MUIR	ELMER D. SPICER
WILLIAM D. COOLIDGE		CHARLES E. TULLAR
STUART M. CROCKER		HARRY A. WINNE

Comptroller

IRA D. LE FEVRE

Treasurer

JESSE W. LEWIS

Secretary

WILLIAM W. TRENCH

Commercial Vice Presidents

RAYMOND M. ALVORD	EVANDER H. GINN	THOMAS S. KNIGHT
HOWEL H. BARNES, JR.*	JOHN E. N. HUME	ALEXANDER S. MOODY
WILLIAM O. BATCHELDER	ARTHUR L. JONES	MATTHEW O. TROY
LEONARD T. BLAISDELL		CHARLES K. WEST

HONORARY OFFICERS

OWEN D. YOUNG	<i>Honorary Chairman of the Board</i>
GERARD SWOPE	<i>Honorary President</i>

Honorary Vice Presidents

JOHN G. BARRY	JESSE R. LOVEJOY	BURTON G. TREMAINE
CUMMINGS C. CHESNEY	GEORGE F. MORRISON	WILLIS R. WHITNEY

* Retired as of December 31, 1941.

HIGHLIGHTS OF THE YEAR'S OPERATIONS

	1941	1940	Increase
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VOLUME OF BUSINESS

Orders Received . . .	\$1,132,800,000*	\$654,200,000	73%
Sales Billed	679,300,000*	411,900,000	65%

PROVISION FOR TAXES

Federal Taxes on Income	120,000,000*	42,000,000	186%
All Other Taxes	25,000,000*	12,900,000	93%
Total Taxes for Year	145,000,000*	54,900,000	164%

PROFITS AND DIVIDENDS

Profit Before Provision for Federal Taxes on Income	177,200,000*	98,200,000	80%
Profit Available for Dividends	57,200,000	56,200,000	2%
Dividends Declared.	50,400,000	53,300,000	-5%

EMPLOYEES AND THEIR EARNINGS

Number of Employees December 31	122,840*	88,652	39%
Average Number of Employees	109,689*	76,314	44%
Total Earnings of Employees	\$257,400,000*	\$153,500,000	68%
Average Annual Earnings per Employee	\$2,346*	\$2,011	17%

* All-time record.

GENERAL ELECTRIC

Schenectady, N. Y., March 12, 1942.

*To the Stockholders of the
General Electric Company:*

The year just ended marked the focal point in the period of transition from a normal peacetime to a full wartime basis of operation for your Company. Starting in 1940, this shift steadily gained impetus and should be completed, to the fullest practicable extent, within the next few months. This means that except for the small fraction of total output which will be required to meet essential civilian needs, the entire production of the General Electric Company will be utilized, directly or indirectly, for war purposes. It is indeed gratifying that the leaders of our Country's armed forces have asked this Company to undertake such great responsibilities in this National crisis.

The changeover has been made as quickly as possible in spite of many difficult problems and substantial dislocations. For its accomplishment, much credit is due to the thousands of customers, suppliers, subcontractors and others outside the organization whose co-operation and helpfulness have been invaluable, and the management of your Company takes this opportunity to acknowledge and to thank them for their efforts. Primarily, of course, credit is due to the employees who, with unwavering loyalty and seriousness of purpose, applied themselves to the tremendous task before them and saw it through.

General Electric was in that select group of companies to receive the Navy "E"—the highest award granted to industry by the Secretary of the Navy in recognition of service to the Bureau of Ordnance of the U.S. Navy.

On the opposite page is a tabulation showing some of the highlights of the year's operations, and the text which follows gives more detailed information concerning the 1941 operations of your Company and its financial condition at the close of the year.

GENERAL ELECTRIC COMPANY

OPERATING RESULTS

A comparison of your Company's operating results for the year under review with those for the preceding year is shown by the Statement of Orders Received, Income and Earned Surplus on page 5. The comments made in the immediately following paragraphs relate to the more important items appearing on that statement.

Orders Received

Reflecting an unprecedented demand for all our products, a total of \$1,132,837,258 of new business was booked during 1941, an amount which exceeded by 73 per cent the previous record total booked during 1940. In each quarterly period of the year the orders were greater than in the corresponding period a year earlier and, except for the fourth quarter, a successively greater amount of new business was recorded in every quarter during the two-year period, as shown by the following tabulation:

	1941	1940	Increase
First Quarter.....	\$ 257,382,000	\$ 97,490,047	164 %
Second Quarter.....	263,756,605	115,163,267	129
Third Quarter.....	310,251,578	185,156,837	68
Fourth Quarter.....	301,447,075	256,379,491	18
Year.....	<u>\$1,132,837,258</u>	<u>\$654,189,642</u>	<u>73 %</u>

In the year just ended, a greater amount of business was available to the electrical manufacturing industry than ever before and based on the data available it is estimated that your Company slightly improved its over-all position in the industry.

Each of the four principal operating departments of the Company obtained an all-time record amount of new business during the past year and substantially increased its volume over that for the preceding year. The greatest increases were recorded in the Apparatus and the Radio and Television departments, because they were most affected by the tremendously expanded requirements for war equipment. However, marked increases were also shown by the Appliance and Merchandise and the Lamp departments, due to an unusually heavy and sustained demand for almost every type of consumer goods.

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The amount of orders received during 1941 for equipment definitely known to be for war purposes, or for use in connection with war production, cannot be disclosed. However, it was substantially greater than the \$250,000,000 of defense business reported in the preceding year because as more and more orders carrying priority ratings were received, an increasing proportion of the business was found to be related, either directly or indirectly, to the war effort.

It should be borne in mind that all figures covering orders received are maintained for record purposes only and are not reflected in the results of your Company's operations until such time as the products ordered have been shipped and billed to customers.

Net Sales Billed

During the year under review, the effort of the organization was directed toward the primary objective of production—production in quantities never before attained—and as a result the shipments billed to customers amounted to \$679,333,760, a total 65 per cent greater than that for 1940 and 64 per cent greater than that for the previous record billing year of 1929. A new record for output was established in each successive quarterly period of the year, and the net sales billed in the last six months of 1941 exceeded the billing for any previous full year, excepting only the years 1929 and 1940.

In addition to a record output of practically all products in established lines, including an unusually large proportion of heavy apparatus requiring many months to manufacture, there were also produced large quantities of special products in the manufacture of which your Company had no previous experience. In sales, however, as in the case of orders received, the greatest increases were shown by those departments most actively engaged in war production.

In obtaining this greater output and to save valuable time, the Company utilized the services of approximately 500 subcontractors during 1941, whose work ranged from delicate machining operations to the making of castings weighing over forty tons.

GENERAL ELECTRIC COMPANY

From the foregoing, it is evident that the efforts of the members of the organization to increase production have brought results which might well be viewed with considerable satisfaction. Because we are at war, however, it is believed that the stockholders, and the employees, will share the opinion of the management of this Company that the results obtained thus far must be considered merely as indicative of the ultimate job General Electric can, and will, do to help win the war.

Income from Sales

The income remaining after deducting from net sales billed all costs, expenses and other charges incident to the year's operations (except provision for federal taxes on income—page 15) amounted to \$161,125,191 compared with \$84,777,321 in 1940, an increase of 90 per cent. Although costs were substantially affected by higher prices for materials, higher wages and salaries, and by the personnel training and other special activities undertaken in connection with the expansion of facilities for war production, total commercial, administrative and general overhead expenses did not increase proportionately and, as a result, the income from sales (before federal taxes on income) increased relatively more than did the sales volume.

Income from Other Sources

From sources other than its sales, your Company derived income amounting to \$16,072,308 in 1941, or 19 per cent more than the corresponding amount received in 1940.

The principal item of this income, consisting of interest and dividends received from affiliated companies and from miscellaneous investments, amounted to \$13,024,505 in 1941 compared with \$11,923,561 in 1940. Only the amount of income realized in U.S. dollars is included in the operations of General Electric and its domestic affiliates. Additional comments regarding your Company's investments, their valuation, etc., will be found beginning on page 18.

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Profits and Taxes

Because it seems quite important that profits and taxes be considered in relation to each other, a comparison of profits for 1941 and 1940, both before and after provision for federal taxes on income, is shown in the following tabulation:

	1941		1940		
	Total	Per Share	Total	Per Share	Increase
Profit before provision for federal taxes on income.....	\$177,197,499	\$6.14	\$98,241,083	\$3.40	80%
Provision for federal income and excess profits taxes.....	120,000,000	4.16	42,000,000	1.45	186%
Profit available for dividends.....	<u>\$ 57,197,499</u>	<u>\$1.98</u>	<u>\$56,241,083</u>	<u>\$1.95</u>	<u>2%</u>

It should be noted that whereas the profit before provision for federal taxes on income was equivalent to \$6.14 a share of common stock, and increased 80 per cent (in contrast with a 65 per cent increase in net sales billed) the amount provided for federal income and excess profits taxes was equivalent to \$4.16 a share and increased 186 per cent. As a result, the profit available for dividends to stockholders was equivalent to \$1.98 a share in 1941 compared with \$1.95 a share in 1940, an increase of only 2 per cent.

The substantial increase in provision for federal taxes on income was attributable principally to the combined effect of the following: (1) the amount of income subject to taxation was greater than in 1940; (2) a surtax was imposed which had the effective result of increasing the rate of normal tax from 24 per cent in 1940 to 31 per cent in 1941; (3) the rate of excess profits tax was increased from 50 per cent in 1940 to 60 per cent in 1941; (4) the prescribed method of computing these taxes was changed in 1941, and, as a result, a larger amount of taxable income became subject to the excess profits tax.

In addition to federal taxes on income it was necessary to provide for various other taxes imposed by federal, state and local government agencies. These additional taxes amounted to

GENERAL ELECTRIC COMPANY

\$24,978,000 for 1941 compared with \$12,943,000 for 1940, an increase of 93 per cent.

Therefore, the amount provided out of income for all 1941 taxes was \$144,978,000, or 164 per cent more than the previous record total of \$54,943,000 provided for 1940 taxes and was substantially greater than the aggregate amount set aside for such purposes during the entire ten-year period prior to 1940.

Dividends on Common Stock

Cash dividends totaling \$1.75 a share of common stock were declared by your Directors during 1941, of which amount \$1.40 a share was paid in that year and 35 cents a share was paid in January, 1942. During the preceding year, cash dividends totaling \$1.85 a share were declared and paid.

For many years prior to 1936 it was your Company's practice to pay dividends, as declared, in the months of January, April, July and October, the dividend paid each January having been declared in the preceding year. Between January 1, 1936, and December 31, 1940, the dividends declared in each year were also paid within the calendar year, in the months of April, July, October and December. In the year just ended, however, it was decided to re-establish the practice which was in effect prior to 1936 and the stockholders were notified of the change on December 20, 1941.

FINANCIAL CONDITION

The financial condition of your Company as of December 31, 1941 and 1940 is shown by the Balance Sheet on pages 6 and 7, and the comments immediately following relate to certain of the items appearing on that statement.

Cash and Marketable Securities

A comparison of the amount of cash and marketable securities held at the close of 1941 and 1940 is shown below:

	December 31	
	1941	1940
Cash in banks, on hand and in transit.	\$ 44,161,584	\$ 42,951,318
U.S. Treasury Tax Notes.	30,000,000	
Other marketable securities in portfolio.	54,561,460	66,580,197
Total cash and marketable securities.	<u>\$128,723,044</u>	<u>\$109,531,515</u>

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The \$30,000,000 of U.S. Treasury Tax Notes are to be tendered in payment of a corresponding amount of federal income and excess profits taxes.

The aggregate market value of the other marketable securities in portfolio on December 31, 1941, was \$54,600,624, but such securities were carried at \$54,561,460, the lower of par or market value. Included were \$36,520,393 of direct obligations of, or those guaranteed by, the U.S. Government, \$1,963,000 of non-guaranteed obligations of U.S. Government agencies, and \$16,078,067 of other high grade issues such as short-term notes of commercial corporations and obligations of states, municipalities, etc. All these securities mature prior to December 31, 1942.

In spite of substantial cash outlays during the year, as indicated by the increase in receivables, inventories, plant and equipment, etc., there was a net increase in the amount of cash and marketable securities on hand. The increase was due, in part, to the receipt of sizeable amounts as progress collections on uncompleted contracts, to a reduction in the amount advanced to affiliated companies, and to the change in practice with respect to dividend payments as outlined on page 16. The increase in cash and marketable securities and in other current assets was largely offset, of course, by the increase in current liabilities (page 22).

Accounts and Notes Receivable

The accounts and notes currently receivable from customers, after deduction of reserves, were carried at \$59,948,991 at the close of 1941 compared with \$34,904,448 a year earlier.

In addition to balances owed by customers and affiliates, there was a total of \$6,273,341 currently receivable from others at the close of 1941, including about \$4,000,000 receivable from the U.S. Government. The latter amount represented the balance for which the Company was to be reimbursed for expenditures it had made in connection with Government financed war plant facilities. Further information concerning the war plant facilities being financed by the Government will be found under the subject of Plant and Equipment on page 22.

GENERAL ELECTRIC COMPANY

Inventories

In accordance with the practice followed for many years, all raw materials, work in process and finished products in factories or in warehouses, and all goods on consignment, were valued at the lower of average cost or market. In general, "market" represented current replacement cost, but specific items of obsolete goods were written down to realizable values. Reserves were provided for estimated inter-company profits, and for contingencies such as losses on inactive and unbalanced stocks and price declines in basic commodities. After deduction of such reserves, these inventories were carried at \$175,626,375 compared with \$98,381,585 at the close of the preceding year, an increase of 78 per cent.

Although inventories increased substantially during the past year, the increase was due to the accelerated rate of production for war purposes. In relation to the net sales billed during each respective period, the year-end inventories were equivalent to 25.9 per cent in 1941, 24.0 per cent in 1940, and an average of 25.5 per cent in the ten years ended with 1940.

Loans to Employees

The unpaid balance of loans to employees was \$50,464 at the close of the year. Each loan was fully secured by the amount to the borrower's credit under the Additional Pension Plan (page 28). There were no loans to officers or directors of the Company.

Deferred Charges to Income for Pensions

This item of \$4,000,000 represented the unliquidated balance of a special payment of \$10,000,000 to the General Electric Pension Trust in 1936, for the purpose of making more adequate provision for the liability to be incurred, under the Company's Pension Plan (page 28), upon the retirement of veteran employees. The payment is being charged into operating expenses at the rate of \$1,000,000 per annum.

Investments

Three main classifications of investments are shown on the Balance Sheet—Affiliated companies, Miscellaneous investments, and General Electric common stock.

Affiliated companies are those which are controlled by General Electric through stock ownership and the holdings of securities

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of such companies, together with capital advances made to them, comprise the major portion of total investments.

Miscellaneous investments consist of General Electric's direct financial interest in companies not controlled through stock ownership, together with sundry other securities of an investment character.

The amount of income received from affiliated companies and from miscellaneous investments is shown under the subject of Income from Other Sources on page 14.

General Electric common stock was held in the portfolio of your Company for corporate purposes, and there were 73,677.04 shares on hand at the close of 1941, carried at acquisition cost—\$1,642,345, the market value of which was \$1,952,000. During the year under review, about 86,400 shares were purchased, including the entire holdings (61,400 shares) of Electrical Securities Corporation, and all shares disposed of were used for the payment of extra compensation to employees for the year 1940. G.E. Employees Securities Corporation held in its portfolio an additional 529,000 shares, valued at acquisition cost, this being the largest single holding of the common stock of your Company.

The value of these various investments changed during the year as a result of increases or decreases in capital advances, the acquisition or disposal of securities, and the revaluation made at the close of the year on the following basis:

The investment in each affiliated company was adjusted to equal General Electric's equity in the net worth of the affiliate computed after valuing its assets on the same basis as those held directly by your Company.

General Electric common stock, whether held by your Company or by its affiliates, was valued at acquisition cost, which was less than market value.

Miscellaneous investments, as defined above, and investment securities held by the affiliated companies, were valued at aggregate market value (including estimated fair values where no market existed), which was lower than aggregate cost.

GENERAL ELECTRIC COMPANY

The foreign currency values of investments in companies located in the Americas and in the British Empire were converted into U.S. dollars at exchange rates in effect as of the last day of the year, less a discount to provide for contingencies. No value was assigned to any other foreign investment. On this basis, the valuation of securities of companies outside of the Americas was \$14,103,726 on December 31, 1941.

The principal offsetting adjustments to the above mentioned changes in investment values were entered in the accounts as described below:

The \$15,556,764 of net unrealized depreciation during the year in value of securities of an investment character was charged against the Reserve for Investments, leaving a balance in that Reserve of \$487,472, as shown on page 6.

The \$2,287,123 of realized net loss on securities disposed of during the year was charged against the General Reserve, leaving a balance in that Reserve of \$15,130,381, as shown on page 7.

The \$1,358,153 of net undistributed earnings of affiliated companies for the year was added to Earned Surplus, as shown on page 5.

Comments relating to the operations of some of the principal affiliated companies are made in the paragraphs immediately following:

International General Electric Company, Inc. conducts the export and foreign business of your Company except in Canada. Its profit amounted to \$3,388,935 in 1941 compared with \$2,892,057 in 1940, an increase of 17 per cent. Dividends amounting to \$3,400,000 were paid during the year just ended compared with \$2,400,000 paid during 1940, each of which amounts included \$350,000 paid on the 50,000 shares of preferred stock held by G.E. Employees Securities Corporation. The remaining 50,000 shares of preferred and all of the common shares outstanding are owned by your Company.

Canadian General Electric Company, Ltd. reported a profit, expressed in Canadian currency, of \$2,479,556 compared with \$2,308,019 for the preceding year, an increase of 7 per cent.

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Regular dividends were declared on special employees' 5 per cent preferred stock and the dividends declared on common stock amounted to \$8.00 a share, the same as in 1940. The dividends on Canadian General Electric common stock held by your Company were booked at \$1,298,695 in both 1941 and 1940, this being the amount realized in U.S. dollars.

G.E. Employees Securities Corporation had net income of \$1,823,300 compared with \$1,901,628 a year earlier. The Corporation has no preferred stock outstanding and on its common stock, all of which is owned by your Company, cash dividends of \$1,820,000 were paid in 1941 compared with \$1,663,750 paid in 1940. Further information relating to the G.E. Employees Securities Corporation will be found under the subject of Savings on page 27.

Electrical Securities Corporation had net income of \$3,085,457 compared with \$2,814,413 in the preceding year. The Corporation has no preferred stock outstanding and on its common stock, all of which is owned by your Company, cash dividends of \$1,856,000 were paid in 1941 compared with \$2,552,000 paid in 1940. Additional information concerning Electrical Securities Corporation will be found under the subject of Pension and Life Retirement Plans on page 28, since all its outstanding long-term notes were held by the General Electric Pension Trust.

Plant and Equipment

An analysis of the changes in plant and equipment during the year under review is shown below:

Cost, December 31, 1940.....	\$212,651,425
Added during 1941.....	41,945,182
	<u>254,596,607</u>
Dismantled, sold, or otherwise disposed of during 1941.....	7,394,837
Cost, December 31, 1941.....	<u>247,201,770</u>
Depreciation reserves, December 31, 1940.....	\$171,150,018
Added by charges to income during 1941.....	20,954,538
Proceeds from sales, etc., during 1941.....	809,419
	<u>192,913,975</u>
Cost of items dismantled, sold, or otherwise disposed of during 1941.....	7,394,837
	<u>185,519,138</u>
Net book value, December 31, 1941.....	<u>\$ 61,682,632</u>

Your Company's expenditures for plant and equipment during 1941 amounted to \$41,945,182, of which approximately

GENERAL ELECTRIC COMPANY

\$23,000,000 was for buildings, equipment, etc., acquired specifically for war production. Expenditures in 1940 amounted to \$19,837,803, and included about \$5,000,000 for war projects.

Depreciation of plant and equipment, as charged against income (page 5), amounted to \$20,954,538 in 1941, compared with \$14,805,495 in 1940. The charges for 1941 included about \$2,000,000 representing amortization of war production facilities which are being written off over a period of sixty months.

As of December 31, 1941, the expenditures for, and estimated total cost of, all new plant facilities required for war projects, to be financed by your Company and by Government agencies, were as shown by the following summary:

	Expenditures 1940—1941	Estimated Total Cost
New plant facilities for war projects:		
Financed by General Electric Company	\$ 28,000,000	\$ 46,700,000
Financed by Government agencies	20,100,000	108,000,000
Total as of December 31, 1941	<u>\$ 48,100,000</u>	<u>\$154,700,000</u>

Broadly speaking, General Electric has undertaken the financing of those projects which represent expansion of existing plants. The Government has financed new plants and, in some instances, new machine tool equipment for installation in Company owned buildings.

The estimated total of \$46,700,000 to be paid for by your Company includes about \$40,800,000 which it is anticipated will be amortized over a period of not more than five years. The amount to be paid for by Government agencies largely is represented by Defense Plant Corporation contracts which provide that the facilities will be leased to General Electric.

Liabilities

Total current liabilities at the close of 1941 amounted to \$180,659,497 compared with \$78,300,257 a year earlier. The major portion of the increase was accounted for by the substantially greater requirements for taxes (page 15), and by the dividend on common stock which had been declared but was not paid until January 24, 1942.

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The liability of \$4,741,270 for collections under employee plans was offset by an equivalent amount of assets, as shown on the Balance Sheet. These assets consisted of \$234,891 of cash and \$4,506,379 of U.S. Government and other marketable securities, carried at cost plus accrued interest.

Your Company had no funded debt or notes payable outstanding.

Charles A. Coffin Foundation

The following awards were made during 1941 under the provisions of the Foundation:

The Committee of the Edison Electric Institute awarded the Charles A. Coffin Medal to the Wisconsin Public Service Corporation of Milwaukee, Wisconsin, for having made, during the previous year, a distinguished contribution to the development of electric light and power for the convenience of the public and the benefit of the industry. In addition to the Medal, a payment of \$1,000 was shared by the Corporation's various Employee Clubs, etc.

The Committee representing the American Institute of Electrical Engineers, the Society for the Promotion of Engineering Education, and the National Academy of Science awarded Charles A. Coffin Fellowships to six graduates of American colleges who desired to carry on postgraduate research work and who needed and were found worthy of assistance. Since the creation of the Foundation, one hundred and fifty-two Fellowships, aggregating \$93,075, have been granted to one hundred and twenty-two individuals (thirty having received Fellowships two years in succession). Several of these men subsequently were honored by various scientific societies for outstanding achievement in their respective lines of work and one of them was awarded the Nobel prize for physics.

Charles A. Coffin Foundation Certificates of Merit, accompanied by honoraria in cash, were awarded to twenty-five employees for meritorious work and distinguished service. This group comprised three workmen in the shops, three tool designers, five foremen, ten engineers and four members of the commercial and administrative organizations.

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General Reserve

The balance in this Reserve amounted to \$15,130,381 compared with \$17,417,504 a year earlier, the decrease representing the net loss realized during 1941 from the disposal of securities by your Company and by its affiliates.

STOCKHOLDERS

There were 218,450 stockholders of the Company on December 31, 1941, compared with 214,140 on December 31, 1940.

ORGANIZATION CHANGES

Pursuant to the by-laws as amended at the last annual meeting of the stockholders, the number of directors of the Company was reduced from twenty to nineteen in September, 1941.

Francis D. Bartow resigned as a member of the Board of Directors on June 27, 1941, after having served in that capacity since October 26, 1934.

Charles D. Dickey was elected a member of the Board of Directors on June 27, 1941.

Henry S. Morgan resigned as a member of the Board of Directors on September 26, 1941, after having served in that capacity since November 1, 1935.

Dr. Willis R. Whitney, Vice President, was elected an Honorary Vice President on April 25, 1941.

The following were elected Vice Presidents of your Company on October 24, 1941:

Walter R. G. Baker, in charge of the Radio and Television Department.

Chester H. Lang, in charge of War Projects. Mr. Lang will also continue as Manager of Apparatus Sales.

David C. Prince, in charge of Application Engineering—Apparatus Department.

Elmer D. Spicer, in charge of Manufacturing—Apparatus Department.

Harry A. Winne, in charge of Design Engineering—Apparatus Department.

Howel H. Barnes, Jr., Commercial Vice President in charge of the New York District, retired as of December 31, 1941, after forty years of loyal, devoted and constructive service with the Company.

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EMPLOYEES AND THEIR EARNINGS

More than 34,000 new employees were added during the year under review, so that on December 31, 1941, there were 122,840 employees on the payroll of your Company, a far greater number than ever before. This total did not include the number of persons employed by affiliated companies or the 2800 General Electric men who were in military service at the close of the year.

The average number employed during 1941 was 109,689 compared with 76,314 during 1940, and total earnings of employees aggregated \$257,364,000 compared with \$153,497,000 a year earlier, an increase of 68 per cent. Average annual earnings per employee amounted to \$2,346 in 1941 compared with \$2,011 in 1940 and were the highest in the history of the Company.

The increase in total earnings of employees was principally due to additions to the working force, to increases in wage and salary rates, and to the payments for overtime allowances and night shift bonuses resulting from longer working schedules.

Effective April 7, 1941, an increase of \$4.00 a week was granted to all salaried employees receiving \$4,000 or less per annum, and an increase of 10 cents an hour (\$4.00 a week on a 40-hour week basis) was granted to all shop workers. Effective April 28, 1941, the latter also received an additional 5 per cent second shift bonus (making a total bonus of 10 per cent for both second and third shift operation) and double time for work done on observed holidays and Sundays, instead of time and one-half as formerly paid.

War production departments were operated on a multiple shift basis throughout the year, and at the year-end the operations were on a 24-hour 7-day week basis in practically every instance where such a schedule would result in greater output than could be obtained otherwise.

EMPLOYEE PLANS

The following comments relate to some of the more noteworthy plans which have been provided, over a period of many years, to give the employees and their families greater security and peace of mind, with resulting benefit to them and to the Company.

Cost-of-Living Adjustment of Earnings

This Plan, which was instituted in 1936 for the purpose of allaying the concern of employees over rising living costs, was

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discontinued in April in view of the substantial wage and salary increases granted during that month, as referred to above. During the period of its operation, the earnings of eligible employees were increased by a total of \$16,108,858.

The Plan was applicable to the first \$3,000 of earnings of employees receiving \$4,000 or less per annum, and provided for automatic adjustments of such earnings, within established limits, as variations occurred in the cost of living based upon the index published periodically by the U.S. Department of Labor. The rates of adjustment ranged between 2 per cent and 5 per cent while the Plan was in operation, and the 3 per cent adjustment rate in effect when it was discontinued was incorporated in the base pay rates of participating employees.

General Profit Sharing and Extra Compensation

Since 1916 your Company has operated various plans under which compensation payments, in addition to wages and salaries, have been made to the employees. The Plans now in effect were approved by the stockholders in 1934 and provide for payments based upon, and varying with, the Company's profits, thus furnishing an added incentive to the employees to help promote efficiency and economy of operation.

Under the General Profit Sharing Plan, for eligible employees who do not participate under Extra Compensation Plans, the available earnings for 1941 amounted to \$4,704,866 compared with \$4,636,208 for 1940, part payment of which was made in August, 1941, and the balance in March, 1942.

Under Extra Compensation Plans, for employees in executive and supervisory positions, approximately \$3,247,000 will be available for 1941, compared with \$3,150,000 for 1940. The amount paid in 1941 for the year 1940 was \$2,816,000.

Life Insurance

First inaugurated in 1920, this Plan promotes greater security for the employee and his family by provision for the uncertainty of life. The Company offers free insurance to those employees who subscribe for additional insurance after the completion of one year of continuous service.

At the end of 1941, there were 89,396 employees of General Electric and its affiliated companies insured for \$240,325,643, of which amount \$87,907,743 was under the policy paid for by the

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Company and \$152,417,900 was under the Additional Insurance Plan, paid for by employees.

Benefits paid during 1941 amounted to \$1,379,676, consisting of \$435,626 of Company free insurance and \$944,050 of additional insurance. Since the Plan was started, a total of \$19,524,381 in benefits has been paid to 8,793 employees or their beneficiaries.

Savings

As soon as the Government announced that United States Savings Bonds were to be issued to finance part of the great cost of the Defense Program, your Company decided that it could further aid in the Defense effort by formulating an installment purchase plan to make it as convenient as possible for General Electric employees to acquire such securities, and so informed the employees on March 28, 1941.

Accordingly, there was put into effect on May 1, 1941, a plan whereby any employee could purchase United States Savings Bonds on an installment basis (as well as for cash) by authorizing the Company to make weekly, semi-monthly or monthly deductions for this purpose from his earnings.

As of February 1, 1942, approximately 106,000 employees (86 per cent of the total number on the payroll) had purchased or had authorized payroll deductions for the purchase, at an annual rate, of United States Savings Bonds with a maturity value of nearly \$23,600,000. Most of the affiliated companies have adopted similar plans, but the foregoing figure does not reflect their operation.

To insure that its activities might not interfere in any way with the sale by the Government of United States Savings Bonds the G.E. Employees Securities Corporation suspended the offer of its Employee Bonds for cash as of April 30, 1941, and has made no further offer of Employee Bonds since that date.

On December 31, 1941, a total of \$54,633,070 of G.E. Employees Securities Corporation's obligations, representing savings of employees, was owned by 31,479 individuals and by the General Electric Additional Pension Trust (page 28). As of that same date, the market or fair value of G.E. Employees Securities Corporation's assets, which included a diversified portfolio of bonds, preferred and common stocks, was 1.5 times the Corporation's indebtedness.

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On its Voting Debenture Bonds and on its participating notes held by the Additional Pension Trust, G.E. Employees Securities Corporation pays interest at the fixed rate of 4 per cent per annum, plus additional interest, up to a maximum of 2 per cent per annum, for any calendar year in which its earnings exceed 4 per cent of its average capital investment. Such additional interest, at the rate of 1.5 per cent, amounted to \$749,000 for 1941 and will be paid in 1942.

Pension and Life Retirement

Both the Company Pension Plan and the Additional Pension Plan continue to operate as amended in 1936 to make allowances for the effect of pensions payable under the Federal Social Security Act.

The Company Pension Plan was inaugurated in 1912 in order to provide for the payment of pensions to veteran employees upon their retirement from service. As of December 31, 1941, there were 3,491 individuals on the pension and life retirement rolls, with an average age of 70.0 years and with average continuous service to date of retirement of 29.5 years, who were receiving an average annual payment of \$787—\$745 from the Company and \$42 from the Government. During the year 1941, Company pension and life retirement payments amounted to \$2,635,016, and since 1912 such payments have aggregated \$31,141,625. Most of these payments are made through the General Electric Pension Trust, created in 1927 to receive and invest the funds provided under this Plan by your Company and certain affiliated companies, and administered by Trustees who hold title to its assets. At the close of 1941 the total assets of this Trust amounted to \$50,082,735, and consisted principally of long-term notes of Electrical Securities Corporation (page 21). As of the close of the year 1941, the market or fair value of Electrical Securities Corporation's assets, which included a diversified portfolio of bonds, preferred and common stocks, was 1.7 times the amount of its note and other indebtedness, and its earnings for 1941 were more than three times its interest requirements.

The Additional Pension Plan was instituted in 1928 to enable the employees to make increased provision for their income upon retirement by regularly saving a portion of their earnings for this purpose. The General Electric Additional Pension Trust was

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created in 1929 to receive and invest the savings of employees under this Plan, and is administered by Trustees who hold title to its assets. On December 31, 1941, the total assets of this Trust amounted to \$18,313,936, were credited to 42,889 employees and consisted almost entirely of obligations of G.E. Employees Securities Corporation, concerning which information is given on pages 21 and 27. When employees retire, leave the service, withdraw from the Company Pension Plan, or die, the accumulated savings to their credit are returned to them, or to their beneficiaries, by the Trustees, and since 1928 the amounts thus returned have totaled \$4,521,412.

Relief and Loan Associations

Through relief and loan associations, the employees receive some of the benefits formerly provided by an unemployment benefit plan which was terminated after enactment of the Federal Social Security Act. Assets of such Associations, consisting of funds contributed equally by employees and by the Company, plus income thereon, amounted to \$2,097,000 on December 31, 1941.

During the past six years, these Associations have made loans aggregating \$2,678,000 and relief payments amounting to \$99,000. Repayments of loans have amounted to \$2,488,000.

Most of the Associations are operated by local Boards of Administrators, one-half of whose members are elected by employee members of the Associations, and one-half appointed by local management to represent the Company.

POST-WAR PLANNING

The management of your Company believes that through widespread and intelligent planning by Industry, with the co-operation of Labor and Government, ways and means should be found of lessening the violence of fluctuations in business activity, thus softening the impact of depressions, stabilizing employment, and helping maintain high standards of living.

To these ends, a Special Planning Committee was appointed during the past year for the purpose of co-ordinating the efforts of your Company's management groups to become prepared to resume regular commercial activities promptly at the conclusion of the war. It is hoped that by developing new materials, new products and better methods, and by improving and broadening

GENERAL ELECTRIC COMPANY

the established lines of business, a definite program may be formulated which will permit the full utilization of facilities and man-power in supplying the demand for those electrical goods and services which contribute so importantly to the American way of living. This Committee has carried on, and will continue, such long-range planning activities, but only to the extent that they do not interfere with the full discharge of your Company's responsibilities in the present emergency.

RESEARCH AND DEVELOPMENT

During the past year, the research and development activities of the Company were primarily centered on the development of the intricate and highly technical equipment needed in the conduct of a modern war. These activities resulted in many important contributions to the war effort, but because they are of an extremely confidential nature they cannot be disclosed at this time.

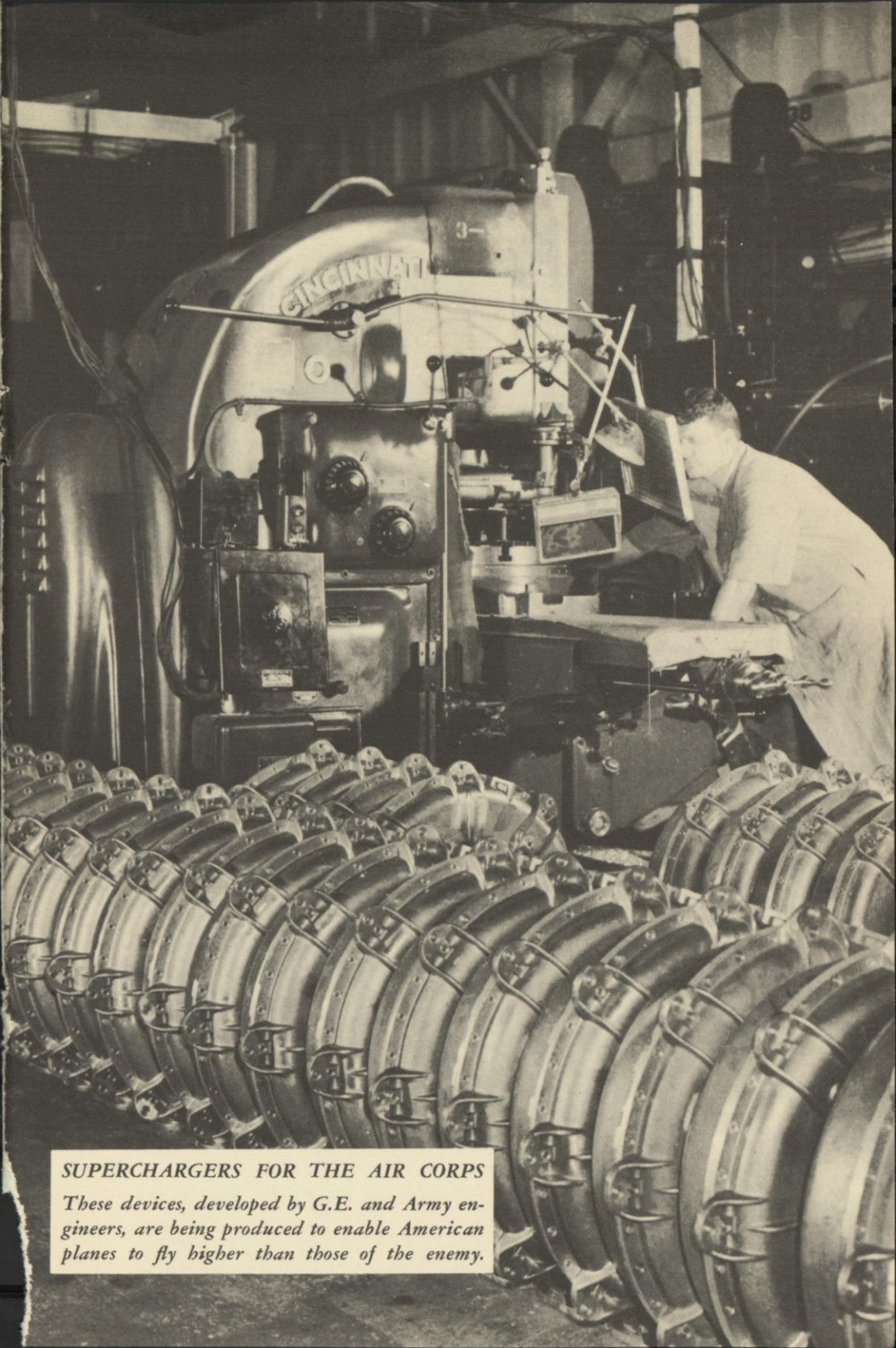
Because of its importance both to current and future operations, your Company's fundamental research and development program was continued during the year just ended, with emphasis having been placed on studies in the electronic, chemical and metallurgical fields. Particularly noteworthy was the developmental work done on the 20 million-volt rheotron, an important new tool for science by means of which electrons have been accelerated to the highest speed ever produced—within one-tenth of one per cent of that of light. The electron stream thus generated is far more penetrating than any heretofore developed, and the results to date have been so promising that work has already been started on a larger rheotron which should produce an electron stream with an energy of 100 million volts.

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The report of the independent auditors appears on page 8.
Respectfully submitted for the Board of Directors,

PHILIP D. REED, *Chairman*

CHARLES E. WILSON, *President*



SUPERCHARGERS FOR THE AIR CORPS

These devices, developed by G.E. and Army engineers, are being produced to enable American planes to fly higher than those of the enemy.

